

**New Shoreham Town Council Meeting
Town Hall, Old Town Road, Block Island
Tuesday, May 24, 2011
7:00 p.m.**

Present: First Warden Kimberley H. Gaffett, Second Warden Raymond J. Torrey, Town Councilor Peter B. Baute, Town Councilor Kenneth C. Lacoste, Town Councilor Richard P. Martin. Present for Sewer: Cliff McGinnes, Brad Marthens, Sandra Finizia, Steve Draper, Wayne Battey, Thomas Doyle. Absent were Peter McNerny and Rally Migliaccio. Also present were Town Manager Nancy O. Dodge, Finance Director Amy Land, Janet Ziegler, Attorney Blake Filippi and Town Clerk Fiona Fitzpatrick, who took the minutes of the meeting.

First Warden Gaffett called the meeting to order at 7:00 p.m.

1. Receive and review Sewer Commission's three-year economic plan and determine readiness to proceed with New Shoreham Sewer Commission Revenue Anticipation Notes

The Sewer Commission is experiencing negative cash flow. The Town has advanced money from the General Fund; the balance owed to the Town stands at about \$300,000. The Sewer Commission met with the Town Council in February and discussed terms under which the Council would sign off on the borrowing of Revenue Anticipation Notes. The Sewer Commission's five year economic plan resulted.

Finance Director Amy Land reviewed the plan which will enable the Sewer Commission to repay the RAN and the Town and become revenue neutral in five years. It includes annual rate increases beginning in 2012 of 25%, 11%, 13%, 7% and 7% and Revenue Anticipation Notes for five years (\$300,000; \$200,000; \$200,000; \$100,000 and \$100,000). All estimates of revenues are conservative, based on minimum flow. Rate increases are subject to approval by the users at the District Financial Meeting. The Town is the borrower on all the Sewer Commission's obligations. If flows do not go below current amounts, and the Commission follows the plan, they will be revenue neutral in five years.

Discussion ensued. The reorganization of the Sewer and Water Districts, including a progress report on combining Superintendents and staff, will be a major component of the joint October Water-Sewer-Town Council meeting. Town Manager directed the Water and Sewer Commissioners to come forward in the course of the summer if flows or revenues/expenses go off track.

First Warden Gaffett moved to receive the five year budget plan with the understanding that it will be monitored closely and that if it is followed the Sewer Commission will become revenue neutral in five years and also to sign the Revenue Anticipation Notes that were authorized previously. The motion was seconded by Dr. Baute.

Ayes: 5 (Gaffett, Torrey, Baute, Lacoste, Martin)

Nays: 0

2. Act on proposed Management Agreement between the Town of New Shoreham and the NS Sewer District and the NS Water District

Dr. Baute moved to approve the Management Agreement as discussed, incorporating a change to paragraph 5, seconded by Second Warden Torrey.

Ayes: 5 (Gaffett, Torrey, Baute, Lacoste, Martin)

Nays: 0

Minutes approved June 15, 2011

Fiona Fitzpatrick
Town Clerk